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MATTERS RELATING TO THE PROGRAMMING CYCLES

Framework for the next programming period

Report of the Administrator

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I. INTRODUCTION

A. Legislative background

1. At its annual session 1994, the Executive Board reviewed document DP/1994/20, in which were set out the broad conceptual issues relating to a possible framework for the next programming period. It was recognized that further deliberations on this complex and critical subject would require a set of well-paced consultations, both formal and informal, over the period leading up to the establishment of the framework at the annual session 1995. Accordingly, for the third regular session 1994, the Administrator was requested to outline a possible structure for future deliberations and to provide additional documentation on options for the next programming period.

2. At the third regular session 1994, the Executive Board expressed its views on the range of options presented in document DP/1994/59. These discussions served to refine the scope of specific proposals that would need to be elaborated. These can be clustered under three main headings: (a) aggregate assignment of resources to the main purposes and programmes of the organization, including the possible application of alternate financing mechanisms, as well as the implications of flexibility in resource assignment; (b) elaboration of three-year planning cycle proposals and their relationship to national planning and country programming processes, including the establishment of resource mobilization targets; and (c) distribution methodologies based on alternate primary and supplementary criteria, weights and thresholds, presented as scenarios that show the quantitative impact by region, subregion and category of countries.

B. Purpose

3. As noted in document DP/1994/59, the framework for the next programming period would devolve primarily from the initiatives for change that the Administrator proposed in document DP/1994/39, and from Executive Board decision 94/14. Thus, the next programming framework may be viewed as the principal means by which the initiatives embodied in decision 94/14 can be achieved.

4. In this connection, it is evident that the elaboration of the more fundamental aspects of the programming framework described under (a) and (b) in paragraph 2 above would have to be addressed before the detailed resource distribution scenarios called for under (c) can be properly generated. These overall requirements will, therefore, be addressed in two parts. The present report for the first regular session 1995 focuses on the broad assignment of resources and on the elaboration of the three-year planning cycle and its relationship to the programming process. It is hoped that in the course of its consideration of the present document, the Executive Board will be able to arrive at some overall parameters for these fundamental aspects, which in turn would serve as the foundation for further development of the next programming framework. This will permit a second report to be prepared for the second regular session 1995 of the Board which will, inter alia, cover the generation of country-level resource distribution scenarios.

II. ELABORATION OF THE THREE-YEAR RESOURCE PLANNING CONCEPT AND ITS RELATIONSHIP TO NATIONAL PLANNING AND THE COUNTRY PROGRAMMING PROCESS

A. Background

5. In his report to the Executive Board at its third regular session 1994 (DP/1994/59), the Administrator included a proposal concerning a three-year rolling resource planning scheme. It was noted in that report that a shorter planning period would reduce the financial vulnerabilities inherent in the current five-year system, which relies on annual resource pledges, but makes multi-year programming commitments. Furthermore, as explained in the report, some 97 per cent of programming is presently captured in the budgets of the current year plus two future years. Thus, forward planning now extends basically to only three years, rather than the five years covered by the indicative planning figure (IPF) cycle. Thus, without any drastic change in existing practice, a move to a three-year planning period would be somewhat more realistic, and would provide for smoother adjustment of planned activities than in the present system.

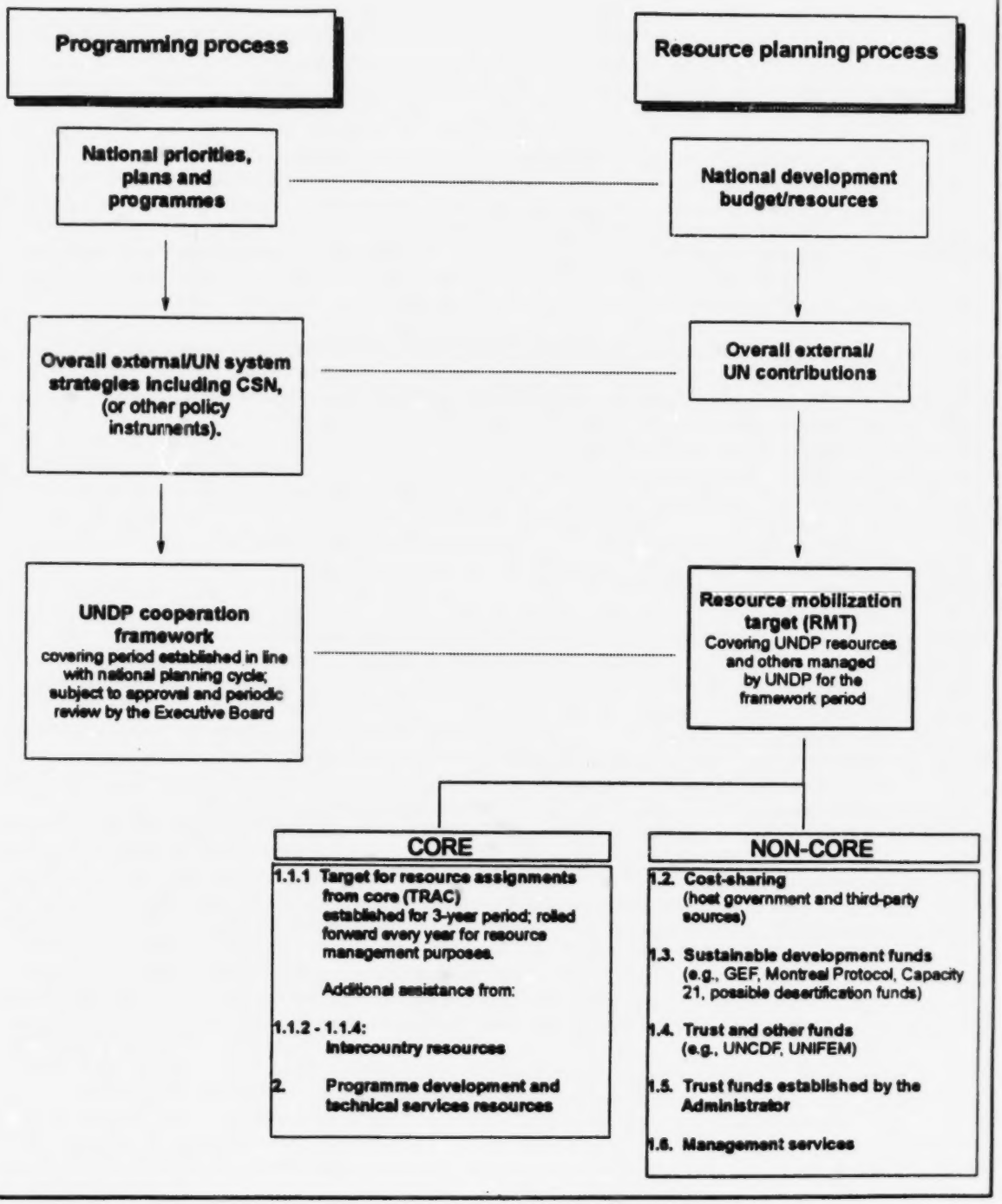
6. At the same time, as explained in document DP/1994/59, the introduction of a three-year planning period was also intended to make it possible for countries to make multi-year commitments, which they are not able to do under the five-year planning period of the current system. 1/ Thus, this proposal should also be viewed as a means for donors to provide increasing and assured support for the core programme of UNDP.

7. While there was considerable support for this proposal during the third regular session 1994 of the Executive Board, concern was expressed by some delegations about the impact such a resource planning scheme might have on programming processes as applied at the country level. The Administrator was requested to elaborate on these aspects in the current report.

B. Framework for UNDP cooperation at the country level

8. In responding to this request, it is useful to postulate a country programming process as it might evolve during the next programming cycle, particularly in view of recent developments such as the adoption of the programme approach, the introduction of the country strategy note (CSN) and increased efforts towards harmonization and coordination of activities among the funds and programmes of the United Nations.

Outline of programming and resource planning processes


Programming process
Resource planning process
National priorities, plans and programmes
National development budget/resources
Overall external/UN system strategies including CSN, (or other policy instruments).
Overall external/ UN contributions
UNDP cooperation framework
covering period established in line with national planning cycle; subject to approval and periodic review by the Executive Board
Resource mobilization target (RMT)
Covering UNDP resources and others managed by UNDP for the framework period
CORE
1.1.1 Target for resource assignments from core (TRAC) established for 3-year period; rolled forward every year for resource management purposes.
Additional assistance from:
1.1.2 - 1.1.4: Intercountry resources
2. Programme development and technical services resources
NON-CORE
1.2. Cost-sharing (host government and third-party sources)
1.3. Sustainable development funds (e.g., GEF, Montreal Protocol, Capacity 21, possible desertification funds)
1.4. Trust and other funds (e.g., UNCDF, UNIFEM)
1.5. Trust funds established by the Administrator
1.6. Management services

9. To facilitate this discussion the accompanying diagram elaborates the outline of programming and resource planning processes originally introduced in document DP/1994/59. The right side of the diagram sets out resource planning processes and their relation to the national planning and country-level programming processes shown on the left side of the diagram. This schema recognizes the need for a document that sets out the framework for UNDP cooperation with the country concerned. This document, which could be called a "UNDP cooperation framework" in contrast to the present UNDP country programme, would describe a framework that is strategic in nature, anchored in national priorities and plans, and would benefit from a CSN, where one exists or if not, from other policy instruments (e.g., the round-table or Consultative Group mechanisms). The duration and timing of this framework should be determined in line with national planning horizons and harmonized with those of other United Nations programmes and funds, as called for by General Assembly resolution 47/199. Thus, the duration of the framework could well be longer than three years, and would typically be four to six years.

10. As argued in other presentations, the UNDP cooperation framework would identify the key goals and entry points for UNDP support within the broader context of national programmes, and would typically and preferably assist in: policy and programme formulation; the mobilization of external resources for such programmes; and, as feasible, the financing of some downstream project or implementation activities geared to capacity-building. Thus, the framework would set out the strategic areas in which UNDP hopes to collaborate with the Government, consistent with the areas of focus approved by the Executive Board in its decision 94/14; the national development programmes UNDP intends to support; and a resource mobilization strategy to be pursued jointly with the Government. 2/

11. While the substantive content of the strategy document need not be circumscribed by a pre-determined resource envelope, the framework would not be complete without at least a notional financial plan to support the strategy. As indicated on the right side of the diagram, the UNDP cooperation framework would, therefore, include among its essential elements a resource mobilization target (RMT) as well as a resource mobilization strategy designed to achieve that target. As envisaged, the RMT would be achieved through a combination of UNDP-managed resources likely to be mobilized over the programming period, of which a target for resource assignment from the core (TRAC) would be a key part.

12. For those portions of the RMT coming from core resources, it is proposed that the TRAC in the next programming period be established for the three-year period 1997-1999. This three-year TRAC would be extrapolated, in simple terms, to cover the full number of years set out in the UNDP cooperation framework which, as stated before, could well be longer than three years. Other components of the RMT would also be projected to arrive at a notional resource target covering the full programming period specified.

13. After the UNDP cooperation framework (including both the target and the strategy for resource mobilization) has been appraised internally by UNDP, the document would be subject to approval by the Executive Board. Following this approval, implementation of the framework, including realization of resources from core and other sources, would be initiated. The Board would periodically

review the progress achieved, both in terms of the framework and the resource target. These reviews could take place at the mid-term of the framework period, or at other points in time more appropriate to individual country circumstances. This flexibility in the timing of approvals and reviews would not only be more responsive to changing country conditions but would also permit the Board to operate more effectively by smoothing out the cyclical workload fluctuations presently associated with country programme approvals and mid-term reviews.

C. A rolling three-year resource planning scheme and its workload implications

14. Whereas the process set out above would arrive at an overarching strategic framework for UNDP cooperation, the resource planning scheme should be seen as a mechanism for implementation. As explained in paragraphs 5-7 above, using a shorter three-year horizon permits greater reliability in projecting the volume of resources (identified under the RMT) that would be available during the immediate implementation period. While discussions at the third regular session 1994 recognized the advantages of this approach, the Executive Board also requested some additional information about the possible implications of such a system, including any impacts on workload. In response, a comparison between the operation of the current resource management system and the scheme that would apply under the rolling three-year proposal is provided below.

1. The current system

15. To begin with, it must be emphasized that currently, the period covered by the country programme and the five-year IPF programming cycle may well have different starting and ending years. When the country programme period extends beyond the current IPF cycle, the IPF resources available for the country programme are estimated by extrapolating the current IPF proportionately to cover the years beyond the IPF cycle. 3/ In this respect, the new system proposed would formalize existing practice by recognizing that the period covered by the framework for cooperation could differ from the resource planning period.

16. Secondly, under the current system, a dynamic, five-year rolling financial planning scheme has already been instituted internally to cope with the complexities associated with a system where contributions come in on an annual basis while project commitments are made for multiple years. This five-year financial planning framework (as distinguished from the static five-year IPF programme cycle) is updated annually, and rolled forward by a year, after information on actual contributions and expenditures becomes available. 4/ The workings of this financial planning system, including its advantages and disadvantages, have been described in the past, most recently in documents DP/1993/21 and DP/1994/20.

2. The proposed three-year rolling planning system

17. As explained in document DP/1994/59, the current proposal has two aspects: the reduction of the programming period from five years to three years and a change from a static to a rolling cycle. As explained earlier, a shorter duration planning period permits somewhat more realistic assumptions and up-to-date information on resource availability and programme delivery to be incorporated in financial projections. Furthermore, as some 97 per cent of programming is currently captured in budgets covering a period of three years, adjustments required in the pace of implementation of the framework for UNDP cooperation can be introduced more frequently and smoothly, without any significant sacrifice in the extent of forward programming.

18. As described in paragraphs 8-13, it is envisaged that the rolling planning cycle would function as follows. The initial three-year planning period would be from 1997 through 1999, and a three-year TRAC would be established for this period. At the end of the first year, the three-year period would roll forward to add one future year, in this case the year 2000, and drop the former first year, 1997. The pool of resources available for the additional year (2000) would be determined on the basis of up-to-date estimates of contributions and would be automatically assigned to countries in line with the criteria established by the Executive Board. Thus, the present proposal merely introduces into the formal programming cycle (i.e., the IPF cycle) a feature that has already been present in the internal financial planning system.

19. This change, however, brings two additional benefits. First, when the additional resources for the added year are distributed to countries in line with established criteria, the country indicators involved can be updated. Under the current system, IPF distribution is based on the status of indicators in a base year, and distribution is not updated to reflect changing country circumstances. 5/

20. Second, IPF levels (or TRACs) can be adjusted more frequently than under the present system. In the current system, IPFs are assigned for a fixed five-year period based on resource projections made at least a year and a half prior to the commencement of that cycle. Programme planning continues to take place on the basis of these original projections, until the mid-point of the cycle, some four years after the projections were made. The accumulated distortions in actual resource contributions and future resource projections that can take place over that four-year period are generally dealt with formally through a one-time, mid-term adjustment in IPF levels (such as the reduction to 70 per cent of the IPF in the fifth cycle in June 1994). Furthermore, to ensure continuous programming beyond the mid-point of the cycle, projections must be made for years that fall into the next programming cycle, as described in paragraph 15 above. The magnitude of these various adjustments, taking place as they do well into the programming period, can be disruptive to country office initiatives and national programmes that have been formulated on quite different resource expectations.

3. Workload implications

21. The current financial planning system already has in place management mechanisms that extend to the Bureaux and the country offices. These involve frequent revisions to the main financial parameters - indeed they form part of regular programme financial reviews with national Governments. Thus, the tools and mechanisms needed to roll the resource planning framework forward on an annual basis already exist, both centrally and at the country level. Certain refinements would have to be introduced to existing systems to adjust the planning horizon, incorporate recent information already available on pledges and contributions and their projections, and regenerate TRACs (and other elements of the RMT) for the additional year, as they roll forward annually. As stated earlier, it is hoped that the three-year time-frame (in lieu of a five-year cycle) would, in any case, make it easier for some countries to make pledges or indicate commitments for periods longer than one year.

22. It appears that most of the procedures required by a three-year system can be carried out with existing automation tools and staffing. Thus, aside from the procedural adjustments required for the transition to the new system, and the associated training, the introduction of a three-year rolling planning period is not likely to impose a substantial increase in workload.

23. Section III deals with the broad assignment of resources at the aggregate level. The potential RMT sources reflected in the diagram coincide with the main categories discussed under section III and shown in table II. This section also describes the various upstream mechanisms and tools that would support the overall programming process and that should hence be seen as essential elements of the total package of assistance available for national programmes. Accordingly, the proposals in sections II and III of the present report can be viewed as mutually supportive components of a holistic programming framework for the next period.

Table I. UNDP total resources: shares earmarked for various activities during the period of the fifth programming cycle (1992-1996)

		Footnotes	%
1.0	**Programmes/projects**		
	Core resources		
1.1	TRACS:		
	1.1.1 Country programmes		31.7
	1.1.2 Regional programmes		3.4
	1.1.3 Interregional programmes		0.6
	1.1.4 Global programmes		0.9
	1.1.5 Reserve for future TRAC distributions		0.3
	1.1.6 Special resources for TCDC activities	a/	0.1
	1.1.7 Special resources for humanitarian activities	b/	0.4
	1.1.8 Relief-to-development continuum	c/	0.4
	1.1.9 Resources for implementation	d/	4.4
	Non-core resources		
1.2	Cost-sharing	e/	21.0
1.3	Sustainable development funds	e/	5.6
1.4	Trust funds established by the governing bodies and other funds	e/	6.7
1.5	Trust funds established by the Administrator	e/	2.0
	1.5.1 Resources for implementation for 1.2 - 1.5		2.5
	Subtotal		**80.0**
2.0	**Programme development and technical services**		
	Programme development		
2.1	Initiatives in areas of focus	f/	0.9
2.2	Development and support of patterns of intervention	g/	0.3
2.3	Programme/project development and evaluation	h/	0.3
2.4	UNDP support for policy and programme development (PSDA)	i/	1.6
2.5	United Nations system support for policy and programme development (SPPD)	i/	0.7
	Technical services		
2.6	Sectoral support services from smaller, technical United Nations agencies	h/	0.2
2.7	Technical support services from larger United Nations agencies (TSS-2)	i/	0.7
	Subtotal		**4.7**
3.0	**Support to United Nations system and aid coordination**		
3.1	Office of United Nations system support and service		0.1
3.2	Programme support to the Resident Coordinator/aid coordination	m/	0.4
3.3	Support to United Nations operational activities	n/	2.5
	Subtotal		**3.0**
4.0	**Biennial budget**		
4.1	UNDP headquarters		5.0
4.2	UNDP country offices		7.3
	Subtotal		**12.3**
	TOTAL		**100.0**

For footnotes see page 14.

III. ASSIGNMENT OF RESOURCES AT THE AGGREGATE LEVEL

A. Background

24. The present section is intended to help the Executive Board to consider how the current assignment of resources at the aggregate level can be streamlined and rationalized in line with the broad purposes of the programme. As noted in documents DP/1994/20 and DP/1993/21, in allocating core resources for the next programming period, it would not be prudent to make simple extrapolations from the fifth cycle earmarkings. First, current cycle earmarkings resulted from a series of past negotiations, the premises of which may not be as relevant to present circumstances. Second, simple extrapolation may yield earmarkings that may be incompatible with the organization's main purposes and programmes at the present time. There are also a number of overlaps and anomalies in the allocation of resources among the various categories, which calls for some consolidation and rationalization. Furthermore, it is useful to insist that a revitalized case be made for each of the main programmes before they are retained or revised.

25. It is also necessary to ensure that the broad allocations for the next programming period reflect the full range of legislation governing the present programming environment of UNDP, including: Governing Council decision 90/34 on the programming priorities for the fifth cycle; Governing Council decisions 91/32 and 92/22 setting out the new support cost arrangements; the increasing emphasis on coordination underlined in the General Assembly's triennial reviews, culminating in resolutions 44/211 and 47/199; and, most recently, Executive Board decision 94/17 on initiatives for change for UNDP.

B. Proposed resource assignment categories

Rationale

26. In reviewing the substantive purposes of the various resource allocation categories for the next programming period, a fundamental objective is to achieve maximum impact on programmes at the country level. This can be accomplished not only through direct support to national programmes and projects but also through a support structure that provides an array of other mutually reinforcing elements critical to the realization of national priorities: complementary regional and interregional activities, programme development and technical services, as well as support to the United Nations system and aid coordination.

27. Another important and related objective is to strengthen Resident Coordinators in their efforts to support national programme activities. For this purpose, a range of operational tools and financial facilities should be placed at their disposal. Also, easy and ready access to resources maintained centrally (e.g., thematic funds, Special Programme Resources) should be provided to Resident Coordinators.

28. In the present section, therefore, a set of broad resource allocations are proposed for the next programming period that are consistent with the main

purposes of UNDP, the legislative directives referred to in paragraph 25 above, and with the evolving programming processes outlined in paragraphs 8-13.

29. For this purpose, it may be useful to classify four major programme purposes or categories: (a) programmes/projects; (b) programme development and technical services; (c) support to the United Nations system and coordination; and (d) the biennial budget. As background to this discussion, table I shows the relative shares of total resources (both core and non-core) that are earmarked for various activities in the fifth cycle. Although table I shows the percentage shares of the various activities, rather than the absolute amounts involved, the information is consistent with and derived from the report on the mid-term review of the fifth cycle submitted to the Executive Board at its annual session 1994 (table I in document DP/1994/18). For reference purposes, it may be noted these total resources are estimated to amount to $8.1 billion for the period covered by the fifth cycle (1992-1996).

30. Within this broader context, the guidance of the Executive Board is presently sought on the subject under immediate consideration: the earmarking of core resources for the various programme purposes. To facilitate this discussion, table II summarizes the relative share of core programme resources earmarked for the key programme categories and their respective subcategories. These proportions are based on existing earmarkings of total core programme resources for the fifth cycle, which amount to $4.1 billion.

31. It should be emphasized that the proportions shown in table II are "resource neutral" and not intended as recommendations for the future programming period. Rather, they are presented as a starting-point for discussions on possible realignment of these shares in the next programming period.

32. For instance, past negotiations have established the need for centrally held Special Programme Resources (SPR) to be set aside for various important programme purposes. SPR currently support the initiation and development of strategies and methods that address cross-cutting issues (e.g., the programme approach, aid coordination, participatory approaches, thematic activities). However, it has been observed that the profusion of SPR subcategories has made the resource unnecessarily difficult to access and manage. As reported to the Executive Board at recent sessions, various efforts have been made to make SPR more responsive to country-level needs. For the fifth cycle, the allocation of SPR amounted to 7 per cent of programmable resources (i.e., the sum of total IPFs and SPR).

33. In rethinking the SPR assignment, a major objective would be to recognize and re-emphasize the importance of the special initiatives being undertaken in line with the main purposes and goals of UNDP as endorsed in decision 94/14. Such initiatives would be undertaken to support country-level efforts, especially in those areas where UNDP has demonstrated its comparative advantage. At the same time, it may be necessary to consolidate and rationalize the various earmarkings to reflect clearer linkages with these main programme purposes. Thus, in the next programming period it would be desirable to assign an increased share of resources to the SPR to continue to support country-level initiatives in these priority areas.

Table II. UNDP core programme resources: shares by main programme categories

		Footnotes	%
1.0	**Programmes/projects**		
1.1	TRACS:		
1.1.1	Country programmes		63.0
1.1.2	Regional programmes		6.9
1.1.3	Interregional programmes		1.2
1.1.4	Global programmes		1.9
1.1.5	Reserve for future TRAC distributions		1.0
1.1.6	Special resources for TCDC activities	a/	0.2
1.1.7	Special resources for humanitarian activities	b/	0.8
1.1.8	Relief-to-development continuum	c/	0.8
1.1.9	Resources for implementation	d/	8.2
	Subtotal		**84.0**
2.0	**Programme development and technical services**		
	Programme development		
2.1	Initiatives in areas of focus	e/	1.9
2.2	Development and support of patterns of intervention	e/	0.6
2.3	Programme/project development and evaluation	h/	0.5
2.4	UNDP support for policy and programme development (PSDA)	i/	3.1
2.5	United Nations system support for policy and programme development (SPPD)	j/	1.7
	Technical services		
2.6	Sectoral support services from smaller, technical United Nations agencies	k/	0.6
2.7	Technical support services from larger United Nations agencies (TSS-2)	l/	1.6
	Subtotal		**10.0**
3.0	**Support to United Nations system and aid coordination**		
3.1	Office of United Nations system support and service		0.1
3.2	Programme support to the Resident Coordinator/aid coordination	m/	0.7
3.3	Support to United Nations operational activities	n/	5.2
	Subtotal		**6.0**
	TOTAL		**100.0**

For footnotes see page 14

Footnotes to tables I and II

a/ Currently funded from SPR subcategory line B4: Technical cooperation among developing countries (TCDC).

b/ Currently funded from SPR subcategory A: Disaster mitigation.

c/ Currently funded from SPR subcategory lines: C2: Special Plan of Economic Assistance to Central America; C3: Programme of Action for African Economic Recovery and Development; and F: Assistance to the Palestinian People.

d/ Currently established as an IPF sub-line. Reimbursement of Administrative and Operational Services (AOS) to implementing agencies, including United Nations agencies, for implementation of projects should be made from this earmarking. Unutilized resources from this line would become available for future programming (presently called IPF sub-line savings).

e/ Includes related non-core resources for programme development and technical services.

f/ Currently financed from SPR subcategory B: Thematic activities.

g/ Currently financed from SPR subcategory C: Special and new activities.

h/ Currently financed from SPR subcategory E: Programme development.

i/ Currently established as programme support and development activities (PSDA).

j/ Currently established as the TSS-1 component of the support cost arrangements.

k/ Presently established as a sectoral support facility financing technical services from the smaller technical agencies, as well as the UNIDO Country Director programme.

l/ Presently established as a technical support facility at the project level (TSS-2) for the five large agencies. TSS-2 is used to finance technical support services from the agencies at all stages of the project cycle, including project formulation and project monitoring and backstopping.

m/ Currently financed from SPR subcategory D: Aid coordination; no formal earmarking is presently made from the SPR for programmatic support to Resident Coordinator.

n/ Represents UNDP country office support to United Nations operational activities inclusive of the Resident Coordinator function as formally recognized at the level of 29 per cent of total UNDP country office costs in the presentation of the UNDP biennial budget estimates.

34. The remainder of the present section of the report reviews the rationale for the major categories and subcategories delineated in table II. In particular, these subsections highlight the areas where the Executive Board may wish to consider possible changes to the relative share of resources assigned, in line with current programming priorities and directives.

1. Programmes/projects

Country programmes (refer to 1.1.1 in table II)

35. As proposed in document DP/1994/59, and discussed in paragraphs 8-13 above, an important element in achieving the overall resource mobilization target would be the target for assignment of resources from the core (or TRAC), a term used to distinguish it from the IPF, which it would seek to replace. As shown in table II, country IPFs in the fifth cycle represent some 63 per cent of core programme resources. However, in reviewing the relative share of resources to be assigned to country-level programmes in the next programming period, it is suggested that the Executive Board also take into account the various other subcategories that directly support country-level activities.

Intercountry programmes (refer to 1.1.2-1.1.4 in table II)

General

36. As noted in previous reports on this subject, intercountry programmes (a term used to cover global, interregional and regional activities) play an important function in addressing issues that transcend national boundaries, yet are critical to the achievement of an individual country's priorities. Resources have generally been allocated to these programmes through governing body negotiations which set a fixed percentage of total resources for each, with suballocations made roughly in line with country IPF distribution for the regions. As noted in document DP/1994/20, the share of programmable resources (sum of total IPFs and SPR) allocated to intercountry activities went down from 19 per cent in the fourth cycle to 13 per cent in the fifth cycle. 6/ This reduced share of resources has left a number of important intercountry issues poorly addressed.

37. The case for intercountry activities in an interdependent world grows stronger everyday. Global problems can be dealt with only through multi-country cooperation - UNDP has a unique role to play in promoting and supporting such action, particularly as multilateral development banks are not mandated to do so. The case is particularly compelling in the context of sustainable human development, where cross-cutting concerns such as the environment, public health, food security, urbanization and education demand global and regional approaches. UNDP has demonstrated that, in cooperation with the regional economic commissions and the specialized agencies, it can effectively support collaborative regional efforts. Moreover, UNDP regional programmes have the potential to provide an effective framework for cooperation among neighbouring programme countries and foster collaborative problem solving among development practitioners. UNDP inputs are particularly valuable because bilateral assistance does not usually flow to intercountry activities; nor do national

budgets, except in special circumstances, provide resources for intercountry collaboration. Indeed, intercountry programmes have proven particularly effective in creating and strengthening regional and subregional institutions.

Regional and interregional programmes (refer to 1.1.2 and 1.1.3 in table II)

38. As pointed out in paragraph 28, support for regional allocations eroded in the fifth cycle, possibly because of a perceived lack of direct links between the priorities of national programmes and those of the regional programmes. Thus, the present challenge is to revitalize regional programmes by enhancing their country-level constituency. This could be achieved through greater national involvement in identifying complementary national and regional interests that support common national programme objectives and by re-emphasizing the collaboration among the countries involved. In this sense, these activities may well be viewed as an important dimension of "South-South" cooperation. Thus, these programmes could be designed to promote exchange and support among the involved countries complementary to TCDC activities already quite active in the regions. Programme decisions on the use of the assigned resources should be made by the countries themselves, in line with their joint priorities. Procedures could be established to reinforce this approach.

39. The above discussion on regional programmes also relates to interregional programmes, which have played an effective role in fostering cooperation among regions. The interregional programme provides advisory and other services in key sectors, usually through country-specific activities carried out within a broad policy and sector framework. As with the global programme and regional programmes, network approaches and TCDC are also actively pursued in the interregional programmes. Such modalities encourage the participation of the countries most affected by the particular problems being addressed. Most interregional programmes are undertaken as partnerships, co-sponsored by UNDP and other United Nations agencies, and supported by substantial cost-sharing contributions from donor countries. Both programme and contributor countries acknowledge the relevance and achievements of current interregional programmes active in such areas as water supply and sanitation, urban management, health, education, trade and training institutions.

40. In line with the above, it is suggested that the Executive Board give consideration to: (a) increasing the share of resources assigned to regional programmes, possibly restoring its fourth-cycle level and (b) maintaining the share of the interregional programme at its fifth-cycle level.

Global programmes (refer to 1.1.4 in table II)

41. The main objectives of the global programmes are to support research and to facilitate programme country access to it, including current work in science and technology, while enhancing country capacities to apply this research to critical development problems. Activities sponsored by the global programme emphasize programme-country perspectives on the role of science and technology while stimulating the formation of and participation in research networks, both North-South and South-South, not only to devise solutions but to implement them. The global programme focuses primarily on health and environmentally safe food production, given their vital importance for human development, and sponsors

activities ranging from laboratory research to field testing. The very nature of such research requires a longer-term perspective than many technical cooperation activities. In keeping with the importance of global programmes and their proven potential for innovation in the focus areas, the Administrator recommends that the share of their resources in the next programming period be kept at least at the level they received in the fifth cycle.

42. Finally, it is suggested that the resources allocated to intercountry programmes (regional, interregional and global) be more closely aligned to complement country-level efforts, and be mainly concentrated on the four areas of focus identified in decision 94/14.

2. Programme development and technical services

Programme development (refer to 2.1 to 2.5 in table II)

43. As mentioned in paragraph 26, UNDP currently provides specific support to the development of strategies and programmes through a variety of means: allocations from the SPR; the staff support provided through programme development and support activities (PSDA); and also through the TSS-1 programme, which is primarily used to provide upstream policy advice and programme development services. In the next programming period, these facilities should be sharpened for the effective support of UNDP programme development activities at the country level.

44. SPR currently consist of seven main categories, 7/ further divided into subcategories. The adoption of decision 94/17 by the Executive Board suggests the possibility of establishing earmarkings for the four focus areas, and the main patterns of intervention, permitting the development of products and approaches in each. Consideration may also be given to earmarking such resources by region while retaining a proportionate central allocation.

45. As previously reported in document DP/1994/23 on agency support cost arrangements, various technical support facilities have been created under the new support cost arrangements. In the future programming framework, these facilities should be reflected under the appropriate categories. TSS-1, in particular, has proven an extremely effective and valuable strategic tool for upstream policy advisory and programme development services. As such, it should not be categorized as simply a support cost facility, a point that has already been made, most recently in the independent evaluation of the arrangements (DP/1994/23/Add.1). Since TSS-1 can more properly be seen as a programme development tool, it is proposed that its allocation be moved to the programme development category and renamed United Nations system support for policy and programme development (SPPD).

Technical services (refer to 2.6 to 2.7 in table II)

46. Reimbursement to technical services at the project level is currently provided to the larger agencies under TSS-2, and in part to the smaller agencies under sectoral support. In the next programming period, such support at the project level could continue to come from the large specialized agencies under a

TSS-2 type of facility while support from the smaller agencies could be provided partly under the sectoral support earmarking. However, a portion of the technical services provided by the agencies under these facilities could well be considered as falling under the support for policy and programme development subcategory mentioned in the preceding paragraph. For present purposes, however, these separate purposes of the sectoral support and the TSS-2 facilities have not been delineated.

47. Previously, under the smaller agency sectoral support line, an earmarking was provided for the UNIDO Country Directors programme. The independent evaluation on support cost arrangements (DP/1994/23/Add.1) found continued UNDP financing of these posts to be "anomalous". Given the evolution of arrangements for country-level representation and coordination, the Executive Board may wish to consider whether it is appropriate to continue support from UNDP core resources for this purpose.

3. Support to United Nations system and aid coordination (refer to 3.1 to 3.3 in table II)

48. In document DP/1994/59, the Administrator suggested a possible scheme of assessments for the costs of UNDP support to the United Nations system currently covered by core resources, which presently takes the form of support provided to United Nations operational activities by the network of UNDP country offices. This is separately identified and appropriated after review by the relevant bodies. However, substantive programmatic support for these purposes is extremely limited, with the modest sum of $2 million currently allocated from the SPR. As described in document DP/1994/59, increased funding for this purpose would enhance the effectiveness of the coordination function.

49. At the third regular session 1994 of the Executive Board, some delegations expressed interest in a possible assessment scheme to cover these costs but requested additional information on the total costs that might be involved. For this purpose, category 3 in table II aggregates the various activities related to this overall function, showing that their separate allocations together amount to 6 per cent of core programme resources. This regrouping of existing resource allocations does not, however, address the limited level of programmatic support. Therefore, in reviewing allocations for this category, the Executive Board may wish to consider whether additional programmatic support should be made available.

C. Management of resources

50. Under the proposed system of earmarkings, an array of resources would become available at the regional level to support integrated programming of UNDP cooperation within each region. Thus, the Regional Bureaux would have at their disposal: intercountry TRACs as envisaged in paragraphs 36-42; SPR earmarked for regional initiatives in the areas of focus; additional resources for developing special products and patterns of intervention; funds for programme development and technical services, including United Nations system resources for policy and programme development (formerly TSS-1); as well as special

resources for aid coordination. In addition, several non-core resources may also become available at the regional level.

51. In this connection, it is relevant to recall the proposal made by the Administrator concerning fixed assignment of resources by region, with flexibility by country (DP/1994/59, section III.D.2). If such a proposal were to be accepted, it would present the Regional Bureaux with an opportunity to apply the full spectrum of resources mentioned while also taking into consideration the changing circumstances of countries within their regions. This would permit more timely responses to emerging critical situations and also ensure full programming of available resources while still respecting overall country-level resource distribution. Thus, in reviewing the overall allocation of resources by category, the Executive Board may also wish to consider some flexibility in their management at the regional level.

D. Summary

52. Table III shows the relative shares of the resources earmarked for the three major components identified in table II and applies them to two possible resource scenarios for the next programming period. The first scenario is based on voluntary contributions of $1 billion for the base year 1997, and estimated annual increases of 4 per cent for the other years of the programming period. The second scenario is based on voluntary contributions of $1.2 billion for 1997, as proposed by the Administrator in document DP/1994/59. As explained in that document, this figure, in real terms, represents the same level assumed for the base year of the fifth cycle. Comparison of the amounts shown under the columns entitled "annualized" earmarkings may provide a starting-point for discussion of the levels envisaged for the next programming period.

Table III. Assignment of UNDP core programme resources by main programme categories

(millions of dollars)

	Percentage shares per table I	Current earmarkings for fifth programming cycle		Possible earmarkings for 1997-1999 [a]		Possible earmarkings for 1997-1999 [b]	
		Total	Annualized	Total	Annualized	Total	Annualized
1.0 Programmes/projects	84%	3431	686	2176	725	2720	907
2.0 Programme development and technical services	10%	409	82	259	86	324	108
3.0 Support to United Nations system and aid coordination	6%	245	49	156	52	194	64
TOTAL	100%	4085	817	2591	863	3238	1079

[a] Assumes $1 billion in 1997 voluntary contributions and a 4 per cent increase thereafter in 1998 and 1999. Earmarkings for the biennial budget have not been included.

[b] Assumes $1.25 billion in 1997 voluntary contributions and a 4 per cent increase thereafter in 1998 and 1999. Earmarkings for the biennial budget have not been included.

IV. FUTURE DELIBERATIONS

53. It is hoped that discussions at the current session of the Executive Board will move the process of deliberations on the next programming framework along several steps by determining, at least in principle, the basic parameters of the future programming structure addressed in the present report - the programming process and its links to a three-year rolling resource planning scheme and the broad assignment of resources to the main purposes of the programme. Once these overall principles are established, it will be possible to generate more precise scenarios to be considered by the Board at its second regular session 1995.

54. It is expected that guidance provided at the second regular session 1995 will again advance the process and permit the secretariat to refine the framework further in preparation for a final decision on this matter at the annual session 1995. In the interim period, the secretariat will continue to organize informal consultations to facilitate full consideration of the issues involved, particularly the more technical aspects. Tackling this far-reaching and critical subject in this fashion is intended to help the Executive Board to establish the next programming framework in measured and logical stages.

V. EXECUTIVE BOARD ACTION

55. The Executive Board may wish to:

(a) Take note of the report of the Administrator on matters relating to the programming cycles (DP/1995/3);

(b) Approve a basic framework for the structure of the next programming period based on the proposed UNDP cooperation framework with a country and its relationship with the proposed three-year, rolling resource-planning scheme described in paragraphs 8-23 of the present report;

(c) Approve relative percentage shares of resource assignment for the three broad programme purposes shown in table II of the present document, namely: programmes/projects; programme development and technical services; support to the United Nations system and aid coordination. These percentage shares, together with the additional guidance provided by the Board on possible revisions to resource assignments in the next programming period shall serve as the basis for the Administrator to prepare his report for the second regular session 1995. That report shall, therefore, include: (i) more detailed resource assignments for individual subcategories and (ii) the elaboration of methodologies for distribution of resources to countries/programmes.

Notes

1/ In this connection, it is also relevant to take into account the discussions now under way in the General Assembly on funding modalities for operational activities for development. The report of the Secretary-General on the agenda for development (A/49/665) also deals with the subject of financing for development.

2/ This approach is consistent with ongoing efforts to transform the format and content of the country programme document in line with the programme approach and other legislative directives. The approach also presents additional opportunities to simplify programme and project documents and their appraisal and approval procedures.

3/ For example, if a country programme covers the five-year period 1994-1998 and the IPF cycle is 1992-1996, the resources for the country programme period are estimated by adding: (a) the resources available from the current IPF cycle for the years 1994-1996 and (b) two times the annualized IPF for the current cycle, representing a simple extrapolation of the current IPF levels to cover the two years (1997 to 1998) that lie outside the IPF cycle.

4/ This five-year planning period encompasses the previous year, the current year and three future years.

5/ Once the criteria for resource distribution are approved, the Executive Board can review and amend them on a periodic basis.

6/ Regional activities declined from 14 to 9 per cent; interregional and global activities from 5 to 4 per cent.

7/ These are: disaster mitigation, thematic activities, other special and/or new activities, aid coordination, programme development, assistance to Palestinian people, and contingencies.